

**Economic Impact Statement**  
LSA Document #15-372

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses****Background and Summary of the Proposed Rule**

In 2013, the Indiana General Assembly passed HEA 1001 (PL.205-2013), which added [IC 16-21-10](#). [IC 16-21-10](#) authorizes implementation of an assessment fee on certain hospitals, and directs the Indiana Family and Social Services Administration (FSSA) Office of Medicaid Policy and Planning (OMPP) to revise the Medicaid inpatient and outpatient reimbursement methodology for certain hospitals. This proposed rule implements the assessment fee and reimbursement methodology changes authorized by [IC 16-21-10](#). The hospital assessment fees will be used to cover the nonfederal share of disproportionate share hospital (DSH) payments as well as to increase Medicaid inpatient and outpatient payment rates to the aggregate level of reimbursement that would be paid under Medicare payment principles. These changes are effective July 1, 2013, and continue through June 30, 2017.

[IC 16-21-10](#) requires the FSSA – OMPP to file Medicaid state plan amendments (SPA) with the United States Department of Health and Human Services (HHS) necessary to implement and administer the hospital assessment fee. The OMPP filed SPAs with HHS for changes to inpatient and outpatient hospital reimbursement on June 28, 2013. HHS approved the inpatient hospital SPA on February 20, 2014, and it approved the outpatient hospital SPA on March 21, 2014, with an effective date of July 1, 2013. On September 29, 2014, the FSSA – OMPP filed SPAs with HHS to modify inpatient and outpatient reimbursement to comply with federal Medicare upper payment limit requirements. HHS approved the inpatient hospital SPA on May 22, 2015, and it approved the outpatient hospital SPA on May 19, 2015, with an effective date of August 1, 2014.

**Impact on Small Business**

The following section provides responses to the following questions outlined in [IC 4-22-2.1-5](#):

**1. An estimate of the number of small businesses, classified by industry sector, that will be subject to the proposed rule.**

[IC 5-28-2-6](#) defines a small business as a business entity that satisfies the following requirements:

- (1) On at least fifty percent (50%) of the working days of the business entity occurring during the preceding calendar year, the business entity employed not more than one hundred fifty (150) employees.
- (2) The majority of the employees of the business entity work in Indiana.

The OMPP estimates the following for SFY 2016:

Out of a total of 143 Indiana providers subject to the proposed rule, there are 12 Indiana providers that are Medicaid certified and one Indiana provider that is not Medicaid certified that meet the criteria of a small business.

**2. An estimate of the average annual reporting, record keeping, and other administrative costs that small businesses will incur to comply with the proposed rule.**

The proposed rule will not impose any additional annual reporting, record keeping, or other administrative costs on small businesses in order to comply with the proposed rule.

**3. An estimate of the total annual economic impact that compliance will have on small businesses subject to the rule.**

The economic impact on small businesses will vary by hospital. The economic impact on a hospital will depend on the amount of the hospital's assessment fee and Medicaid inpatient and outpatient payments.

**4. A statement justifying any requirement or cost that is imposed by the rule and not expressly required by law. The statement must reference any data, studies, or analyses relied upon by the agency in determining imposition of the requirement or cost is necessary.**

This proposed rule imposes no requirement or cost on small businesses that is not required by law.

**5. Any regulatory flexibility analysis that considers any less intrusive or less costly alternative methods of achieving the same purpose.**

Other factors considered:

**A. Establishment of less stringent compliance or reporting requirements for small businesses.**

The rule has no impact on compliance or reporting requirements for small businesses.

**B. Establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.**

The rule has no impact on schedules or deadlines for compliance or reporting requirements for small

businesses.

**C. Consolidation or simplification of compliance or reporting requirements for small businesses.**

The rule has no impact on compliance or reporting requirements for small businesses.

**D. Establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule.**

The rule has no impact on performance or operational standards for small businesses.

**E. Exemption of small businesses from part or all of the requirements or costs imposed by the rule.**

The rule imposes no additional requirements or cost on small businesses.

If there are any programmatic or fiscal questions, please contact Jennifer White at (317) 234-5284 or at [jennifer.white@fssa.in.gov](mailto:jennifer.white@fssa.in.gov). Questions regarding any other aspect of the proposed rule should also be addressed to Amber Swartzell at (317) 232-1244 or at [amber.swartzell2@fssa.in.gov](mailto:amber.swartzell2@fssa.in.gov).

*Posted: 06/22/2016 by Legislative Services Agency*

An [html](#) version of this document.